



**Indiana
Department of Education**

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Indiana Superintendent of Public Instruction

Indiana Academic Standards And Resource Guide Economics

Standards Approved March 2014

Indiana Department of Education
College and Career Readiness

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What are Standards?

Standards outline *what students need to know, understand, and be able to do.*

Academic standards are benchmark measures that define what students should know and be able to do at specified grade levels beginning in kindergarten and progressing through grade twelve. The standards are promulgated as state regulations. As such, they must be used as the basis for curriculum and instruction in Indiana's accredited schools. **The academic standards are *NOT* a curriculum;** therefore, identifying the sequence of instruction in each grade—what will be taught and how long—requires concerted effort and attention at the district/school level. Academic standards do not prescribe any particular curriculum. Curriculum tools are selected at the district/school level and adopted through the local school board. No student, by virtue of poverty, age, race, gender, cultural or ethnic background, disabilities, or family situation will ultimately be exempt from learning the required academic standards, although it is acknowledged that individual students may learn in different ways and at different rates. Academic standards focus on what students will need to learn in order to be college and career ready and to be competitive in the job market.

ECONOMICS

Economics examines the allocation of resources and their uses for satisfying human needs and wants. The course analyzes the economic reasoning and behaviors of consumers, producers, savers, investors, workers, voters, institutions, governments, and societies in making decisions. Students explain that because resources are limited, people must make choices and understand the role that supply, demand, prices, and profits play in a market economy. Key elements of the course include study of scarcity and economic reasoning, supply and demand, market structures, the role of government, national economic performance, the role of financial institutions, economic stabilization, and trade.

At the high school level, Indiana's academic standards for social studies provide standards for specific courses that focus on one of the five content areas that make up the core of the social studies curriculum: history; government; geography; economics; and individuals, society and culture (psychology, sociology, and anthropology). One of these content areas is the major focus of the course while the other areas play supporting roles or become completely integrated into the course content. Each high school course continues to develop skills for thinking, inquiry and research, and participation in a democratic society.

- DOE Code: 1514
- *Recommended Grade Level: Grades 11 or 12*
- *Recommended Prerequisites: None*
- *Credits: 1 semester course, 1 credit*
- *Fulfills the Economics requirement for the Core 40, Core 40 with Academic Honors, Core 40 with Technical Honors and International Baccalaureate diplomas, a Social Studies requirement for the General Diploma, or counts as an Elective for any diploma*
- Qualifies as a Quantitative Reasoning course for the General diploma only

CONTENT STANDARDS

Standard 1 — Scarcity and Economic Reasoning

Students understand that productive resources are limited; therefore, people, institutions, and governments cannot have all the goods and services they want. As a result, people, institutions, and governments must choose some things and give up others.

Standard 2 — Supply and Demand

Students understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.

Standard 3 — Market Structures

Students understand the role of business firms and analyze the various types of market structures in the United States economy.

Standard 4 — The Role of Government

Students understand that typical microeconomic roles of government in a market or mixed economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.

Standard 5 — National Economic Performance

Students understand the means by which economic performance is measured and the causes and effects of business cycles in a market economy.

Standard 6 — Money and the Role of Financial Institutions

Students understand the role of money and financial institutions in a market economy.

Standard 7 — Economic Stabilization

Students understand the macroeconomic role of the government in developing and implementing economic stabilization policies and how these policies impact the macroeconomy.

Standard 8 — Trade

Students understand why households, businesses, and governments trade goods and services and how trade affects the economies of the world.

Standard 1: Scarcity and Economic Reasoning

Students understand that productive resources are limited; therefore, people, institutions, and governments cannot have all the goods and services they want. As a result, people, institutions, and governments must choose some things and give up others.

- E.1.1** Define and identify each of the productive resources (natural, human, capital) and explain why each is necessary for the production of goods and services.
- E.1.2** Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.
- E.1.3** Identify incentives and explain how they influence decisions.
- E.1.4** Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.
- E.1.5** Define scarcity and explain how choices incur opportunity costs and tradeoffs.
- E.1.6** Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.
- E.1.7** Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.
- E.1.8** Describe how clearly defined and enforced property rights are essential to a market economy.
- E.1.9** Diagram and explain the circular flow model of a market economy.

Standard 2: Supply and Demand

Students understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.

- E.2.1** Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.
- E.2.2** Recognize that consumers ultimately determine what is produced in a market economy.
- E.2.3** Illustrate how supply and demand determine equilibrium price and quantity.
- E.2.4** Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.
- E.2.5** Describe how elasticity (price) sends signals to buyers and sellers.
- E.2.6** Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.
- E.2.7** Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.
- E.2.8** Illustrate how physical and human capital investment raise productivity and future standards of living.

Standard 3: Market Structures

Students understand the role of business firms and analyze the various types of market structures in the United States economy.

- E.3.1** Identify the ways that firms raise financial capital and explain the advantages and disadvantages of each.
- E.3.2** Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.
- E.3.3** Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition; explain how various amounts of competition affect price and quantity.
- E.3.4** Recognize the benefits of natural monopolies (economies of scale) and explain the purposes of government regulation of these monopolies.

Standard 4 : The Role of Government

Students understand that typical microeconomic roles of government in a market or mixed economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.

- E.4.1** Explain the roles of government in a market economy.
- E.4.2** Explain how markets underproduce public goods and explain why the government has an interest in producing these public goods.
- E.4.3** Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities (spillovers) to resolve the inefficiencies they cause.
- E.4.4** Describe major revenue and expenditure categories and their respective proportions of state and federal budgets.
- E.4.5** Define progressive, proportional, and regressive taxation and determine whether different types of taxes (including income, sales, and Social Security) are progressive, proportional, or regressive.
- E.4.6** Explain how costs of government policies may exceed benefits because social or political goals (rather than economic efficiency) are being pursued.
- E.4.7** Define the national debt, explain the effects of the debt on the economy, and explain how to achieve a balanced budget.

Standard 5: National Economic Performance

Students understand the means by which economic performance is measured and the causes and effects of business cycles in a market economy.

- E.5.1** Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.
- E.5.2** Recognize that a country's overall level of income, employment, and prices is determined by rational spending and production decisions of households, firms, and government.
- E.5.3** Explain the limitations of using GDP to measure economic welfare.
- E.5.4** Identify the different causes of inflation (including cost-push and demand-pull) and explain the impact of inflation on economic decisions.
- E.5.5** Explain and illustrate the impact of changes in aggregate supply and aggregate demand.
- E.5.6** Explain the causes and effects of business cycles in a market economy.
- E.5.7** Explain the different types of unemployment.
- E.5.8** Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.

Standard 6: Money and the Role of Financial Institutions

Students understand the role of money and financial institutions in a market economy.

- E.6.1** Explain the basic functions of money.
- E.6.2** Identify the composition of the money supply of the United States.
- E.6.3** Explain the roles of financial institutions.
- E.6.4** Demonstrate how banks create money through the principle of fractional reserve banking.
- E.6.5** Describe the structure and functions of the Federal Reserve System.
- E.6.6** Explain how interest rates act as an incentive for savers and borrowers.
- E.6.7** Compare and contrast different types of financial investments.
- E.6.8** Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.

Standard 7: Economic Stabilization

Students understand the macroeconomic role of the government in developing and implementing economic stabilization policies and how these policies impact the macroeconomy.

- E.7.1** Define and explain fiscal and monetary policy.
- E.7.2** Explain the tools of fiscal and monetary policy.
- E.7.3** Analyze how the government uses fiscal policy to promote price stability, full employment, and economic growth.
- E.7.4** Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.
- E.7.5** Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.
- E.7.6** Compare and contrast the major macroeconomic theories.

Standard 8: Trade

Students understand why households, businesses, and governments trade goods and services and how trade affects the economies of the world.

- E.8.1** Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.
- E.8.2** Explain the benefits of trade among households and countries.
- E.8.3** Explain the difference between balance of trade and balance of payments.
- E.8.4** Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.
- E.8.5** Evaluate the arguments for and against free trade.
- E.8.6** Explain how changes in exchange rates affects the value of imports and exports.



**Indiana Academic Standards
Content Area Literacy: History/Social Studies**

Guiding Principle: *Students develop discipline-specific reading and writing skills. Within the areas of History/Social Studies, students apply these skills in order to develop a deeper understanding of the content area.*

There are six key areas found in the Literacy in History/Social Studies section for grades 6-12: Key Ideas and Textual Support, Structural Elements and Organization, Synthesis and Connection of Ideas, Writing Genres, the Writing Process, and the Research Process. By demonstrating the skills listed in each section, students should be able to meet the Learning Outcome for Literacy in History/Social Studies.

Note that the standards in this section are not designed for implementation in an English/Language Arts classroom. Instead, they provide guidance to content area teachers in grades 6-12 (e.g., History/Social Studies teachers, Science teachers, Career and Technical Education teachers, etc.) on expectations for integrating reading and writing skills into their classrooms.

In Literacy in History/Social Studies, students are expected to do the following:

LEARNING OUTCOMES	LH.1: LEARNING OUTCOME FOR LITERACY IN HISTORY/SOCIAL STUDIES		
	Read and comprehend history/social studies texts independently and proficiently, and write effectively for a variety of discipline-specific tasks, purposes, and audiences		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.1.1: Read and comprehend history/social studies texts within a range of complexity appropriate for grades 6-8 independently and proficiently by the end of grade 8.	9-10.LH.1.1: Read and comprehend history/social studies texts within a range of complexity appropriate for grades 9-10 independently and proficiently by the end of grade 10.	11-12.LH.1.1: Read and comprehend history/social studies texts within a range of complexity appropriate for grades 11-CCR independently and proficiently by the end of grade 12.
KEY IDEAS AND TEXTUAL	6-8.LH.1.2: Write routinely over a variety of time frames for a range of discipline-specific tasks, purposes, and audiences.	9-10.LH.1.2: Write routinely over a variety of time frames for a range of discipline-specific tasks, purposes, and audiences.	11-12.LH.1.2: Write routinely over a variety of time frames for a range of discipline-specific tasks, purposes, and audiences.
	LH.2: KEY IDEAS AND TEXTUAL SUPPORT (READING)		
	Extract and construct meaning from history/social studies texts using a variety of comprehension skills		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.2.1: Cite specific textual evidence to support analysis of primary and secondary sources.	9-10.LH.2.1: Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.	11-12.LH.2.1: Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.
	6-8.LH.2.2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary of the source distinct from prior knowledge or opinions.	9-10.LH.2.2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary of how key events or ideas develop over the course of the text.	11-12.LH.2.2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.

	6-8.LH.2.3: Identify key steps in a text’s description of a process related to history/social studies (e.g., <i>how a bill becomes a law, how interest rates are raised or lowered</i>).	9-10.LH.2.3: Analyze in detail a series of events described in a text; determine whether earlier events caused later ones or simply preceded them.	11-12.LH.2.3: Evaluate various explanations for actions or events, and determine which explanation best accords with textual evidence, acknowledging where the text leaves matters uncertain.
STRUCTURAL ELEMENTS AND ORGANIZATION	LH.3: STRUCTURAL ELEMENTS AND ORGANIZATION (READING) Build understanding of history/social studies texts, using knowledge of structural organization and author’s purpose and message		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.3.1: Determine the meaning of words and phrases as they are used in a text, including vocabulary specific to domains related to history/social studies.	9-10.LH.3.1: Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social studies.	11-12.LH.3.1: Determine the meaning of words and phrases as they are used in a text, including analyzing how an author uses and refines the meaning of a key term over the course of a text (e.g., <i>how Madison defines faction in Federalist No. 10</i>).
	6-8.LH.3.2: Describe how a text presents information (e.g., <i>sequentially, comparatively, causally</i>).	9-10.LH.3.2: Analyze how a text uses structure to emphasize key points or advance an explanation or analysis.	11-12.LH.3.2: Analyze in detail how a complex primary source is structured, including how key sentences, paragraphs, and larger portions of the text contribute to the whole.
	6-8.LH.3.3: Identify aspects of a text that reveal an author’s perspective or purpose (e.g., <i>loaded language, inclusion or avoidance of particular facts</i>).	9-10.LH.3.3: Compare the perspectives of two or more authors for how they treat the same or similar topics, including which details they include and emphasize in their respective accounts.	11-12.LH.3.3: Evaluate authors’ differing perspectives on the same historical event or issue by assessing the authors’ claims, reasoning, and evidence.
SYNTHESIS AND CONNECTION OF IDEAS	LH.4: SYNTHESIS AND CONNECTION OF IDEAS (READING) Build understanding of history/social studies texts by synthesizing and connecting ideas and evaluating specific claims		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.4.1: Integrate visual information (e.g., <i>charts, graphs, photographs, videos, or maps</i>) with other information in print and digital texts.	9-10.LH.4.1: Integrate quantitative or technical analysis (e.g., <i>charts, research data</i>) with qualitative analysis in print or digital text.	11-12.LH.4.1: Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., <i>visually, quantitatively, as well as in words</i>) in order to address a question or solve a problem.
	6-8.LH.4.2: Distinguish among fact, opinion, and reasoned judgment in a text.	9-10.LH.4.2: Assess the extent to which the reasoning and evidence in a text support the author’s claims.	11-12.LH.4.2: Evaluate an author’s premises, claims, and evidence by corroborating or challenging them with other information.
	6-8.LH.4.3: Compare and contrast treatments of the same topic in a primary and secondary source.	9-10.LH.4.3: Analyze the relationships among primary and secondary sources on the same topic.	11-12.LH.4.3: Integrate information from diverse sources, both primary and secondary, into a coherent understanding of an idea or event, noting discrepancies among sources.

WRITING GENRES	LH.5: WRITING GENRES (WRITING)		
	Write for different purposes and to specific audiences or people		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.5.1: Write arguments focused on discipline-specific content.	9-10.LH.5.1: Write arguments focused on discipline-specific content.	11-12.LH.5.1: Write arguments focused on discipline-specific content.
	6-8.LH.5.2: Write informative texts, including analyses of historical events.	9-10.LH.5.2: Write informative texts, including analyses of historical events.	11-12.LH.5.2: Write informative texts, including analyses of historical events.
THE WRITING PROCESS	LH.6: THE WRITING PROCESS (WRITING)		
	Produce coherent and legible documents by planning, drafting, revising, editing, and collaborating with others		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.6.1: Plan and develop; draft; revise using appropriate reference materials; rewrite; try a new approach; and edit to produce and strengthen writing that is clear and coherent, with some guidance and support from peers and adults.	9-10.LH.6.1: Plan and develop; draft; revise using appropriate reference materials; rewrite; try a new approach, focusing on addressing what is most significant for a specific purpose and audience; and edit to produce and strengthen writing that is clear and coherent.	11-12.LH.6.1: Plan and develop; draft; revise using appropriate reference materials; rewrite; try a new approach, focusing on addressing what is most significant for a specific purpose and audience; and edit to produce and strengthen writing that is clear and coherent.
	6-8.LH.6.2: Use technology to produce and publish writing and present the relationships between information and ideas clearly and efficiently.	9-10.LH.6.2: Use technology to produce, publish, and update individual or shared writing products, taking advantage of technology's capacity to link to other information and to display information flexibly and dynamically.	11-12.LH.6.2: Use technology to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information.
THE RESEARCH PROCESS	LH.7: THE RESEARCH PROCESS (WRITING)		
	Build knowledge about the research process and the topic under study by conducting short or more sustained research		
	GRADES 6-8	GRADES 9-10	GRADES 11-12
	6-8.LH.7.1: Conduct short research assignments and tasks to answer a question (including a self-generated question), drawing on several sources and generating additional related, focused questions that allow for multiple avenues of exploration.	9-10.LH.7.1: Conduct short as well as more sustained research assignments and tasks to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.	11-12.LH.7.1: Conduct short as well as more sustained research assignments and tasks to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

	6-8.LH.7.2: Gather relevant information from multiple sources, using search terms effectively; annotate sources; assess the credibility and accuracy of each source; and quote or paraphrase the data and conclusions of others while avoiding plagiarism and following a standard format for citation (e.g., <i>APA</i> or <i>Chicago</i>).	9-10.LH.7.2: Gather relevant information from multiple authoritative sources, using advanced searches effectively; annotate sources; assess the usefulness of each source in answering the research question; synthesize and integrate information into the text selectivity to maintain the flow of ideas, avoiding plagiarism and following a standard format for citation (e.g., <i>APA</i> or <i>Chicago</i>).	11-12.LH.7.2: Gather relevant information from multiple types of authoritative sources, using advanced searches effectively; annotate sources; assess the strengths and limitations of each source in terms of the specific task, purpose, and audience; synthesize and integrate information into the text selectivity to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation (e.g., <i>APA</i> or <i>Chicago</i>).
	6-8.LH.7.3: Draw evidence from informational texts to support analysis, reflection, and research.	9-10.LH.7.3: Draw evidence from informational texts to support analysis, reflection, and research.	11-12.LH.7.3: Draw evidence from informational texts to support analysis, reflection, and research.

Approved April 2014

APPENDIX A – TEACHER RESOURCE GUIDE

ECONOMICS

This Teacher Resource Guide has been developed to provide supporting materials to help educators successfully implement the social studies standards. These resources are provided to help you in your work to ensure all students meet the rigorous learning expectations set by the Academic Standards. Use of these resources is optional – teachers should decide which resource will work best in their school for their students.

This resource document is a living document and will be frequently updated. Please send any suggested links and report broken links to:

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The links compiled and posted in this Resource Guide have been provided by the Department of Education and other sources. The DOE has not attempted to evaluate any posted materials. They are offered as samples for your reference only and are not intended to represent the best or only approach to any particular issue. The DOE does not control or guarantee the accuracy, relevance, timeliness, or completeness of information contained on a linked website; does not endorse the views expressed or services offered by the sponsor of a linked website; and cannot authorize the use of copyrighted materials contained in linked websites. Users must request such authorization from the sponsor of the linked website.

GOOD ECONOMICS WEBSITES:

[Council for Economic Education](#)

[Indiana Council for Economic Education](#)

[econedlink](#)

[Global Indiana: A Consortium for International Exchange](#)

[High School Economics Topics](#)

Standard 1: Scarcity and Economic Reasoning

E.1.1 Define and identify each of the productive resources (natural, human, capital) and explain why each is necessary for the production of goods and services.

econedlink: [HENRY FORD AND THE MODEL T: A CASE STUDY IN PRODUCTIVITY](#)

Khan Academy: [CIRCULAR FLOW OF INCOME AND EXPENDITURES](#)

E.1.2 Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.

econedlink: [MARKETPLACE: ECONOMY OF ARCHITECTURE](#)

Everyday Economics: [WHAT IS AN ENTREPRENEUR?](#)

E.1.3 Identify incentives and explain how they influence decisions.

econedlink: [POP GOES THE HOUSING BUBBLE](#)

Khan Academy: [TRAGEDY OF THE COMMONS](#)

- E.1.4** Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.
econedlink: [THE TRADING GAME](#)
Khan Academy: [Comparative advantage specialization and gains from trade](#)
- E.1.5** Define scarcity and explain how choices incur opportunity costs and tradeoffs.
econedlink: [IT'S A MATTER OF POWER](#)
The Economics Classroom: [SCARCITY, OPPORTUNITY COST AND THE PRODUCTION POSSIBILITIES CURVE](#)
- E.1.6** Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.
econedlink: [PRODUCTION POSSIBILITIES CURVE](#)
The Economics Classroom: [SCARCITY, OPPORTUNITY COST AND THE PRODUCTION POSSIBILITIES CURVE](#)
- E.1.7** Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.
econedlink: [COMPARATIVE ECONOMIC SYSTEMS](#)
South-Western Publishing: [Comparative Economic Systems](#) (Slide Show)
- E.1.8** Describe how clearly defined and enforced property rights are essential to a market economy.
econedlink: [ONLINE MAYHEM I: METALLICA VERSUS NAPSTER](#)
The Economics Classroom: [THE TRAGEDY OF THE COMMONS AS A MARKET FAILURE](#)
- E.1.9** Diagram and explain the circular flow model of a market economy.
econedlink: [TO BUY OR NOT TO BUY](#)
The Economics Classroom: [THE CIRCULAR FLOW MODEL OF A MARKET ECONOMY](#)
<http://www.econclassroom.com/?p=4397>

Standard 2: Supply and Demand

- E.2.1** Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.
econedlink: [UTILITY](#)
econedlink: [IS THE PRICE OF GASOLINE REALLY TOO HIGH?](#)
The Economics Classroom: [THE LAW OF DEMAND](#)
Khan Academy: [LAW OF SUPPLY](#)
- E.2.2** Recognize that consumers ultimately determine what is produced in a market economy.
econedlink: [MAD CATTLEMEN SUE OPRAH](#)
GrowThink: [10 Famous Product Failures and the Advertisements That Did Not Sell Them](#)
- E.2.3** Illustrate how supply and demand determine equilibrium price and quantity.
econedlink: [I'LL TRADE YOU A BAG OF CHIPS, TWO COOKIES, AND \\$60,000 FOR YOUR TUNA FISH SANDWICH](#)
The Economics Classroom: [EFFICIENCY AND EQUILIBRIUM IN COMPETITIVE MARKETS](#)

E.2.4 Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.

econedlink: [ECONOMICS IN THE HEADLINES](#)

econedlink: [HENRY FORD AND THE MODEL T: A CASE STUDY IN PRODUCTIVITY \(PART 3\)](#)

The Economics Classroom: [SUPPLY, DEMAND AND EQUILIBRIUM TEST – WORKED SOLUTIONS](#)

The Economics Classroom: [THE DETERMINANTS OF DEMAND](#)

E.2.5 Describe how elasticity (price) sends signals to buyers and sellers.

econedlink: [PRICE ELASTICITY: FROM TIRES TO TOOTHPICKS](#)

The Economics Classroom: [PRICE ELASTICITY OF DEMAND AND THE TOTAL REVENUE TEST](#)

E.2.6 Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.

econedlink: [MARKETPLACE: PRICE INCREASE OR PRICE-GOUGING?](#)

Khan Academy: [Minimum Wage and Price Floors](#)

E.2.7 Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.

econedlink: [WAGES AND ME](#)

Bureau of Labor Statistics: [Occupational Employment Statistics](#)

E.2.8 Illustrate how physical and human capital investment raise productivity and future standards of living.

econedlink: [HENRY FORD AND THE MODEL T: A CASE STUDY IN PRODUCTIVITY \(PART 2\)](#)

Khan Academy: [HUMAN CAPITAL](#)

Standard 3: Market Structures

E.3.1 Identify the ways that firms raise financial capital and explain the advantages and disadvantages of each.

econedlink: [THE FIVE STAGES OF INVESTING](#)

Khan Academy: [BONDS VS. STOCKS](#)

E.3.2 Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.

Khan Academy: [MARGINAL REVENUE AND MARGINAL COST](#)

The Economics Classroom: [DEMAND, MARGINAL REVENUE AND PROFIT MAXIMIZATION FOR A PERFECT COMPETITOR](#)

E.3.3 Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition; explain how various amounts of competition affect price and quantity.

econedlink: [AIRLINE MERGERS, SOFTWARE INDUSTRY MONOPOLIES: CONTESTABLE MARKETS?](#)

<http://www.econedlink.org/lessons/index.php?lid=22&type=educator>The Economics Classroom: [DETERMINING THE EFFICIENCY OF FIRMS IN DIFFERENT MARKET STRUCTURES](#)

E.3.4 Recognize the benefits of natural monopolies (economies of scale) and explain the purposes of government regulation of these monopolies.

econedlink: [WHAT HAPPENED TO RAILROADS?](#)

The Economics Classroom: [NATURAL MONOPOLY AND THE NEED FOR GOVERNMENT REGULATION](#)

Standard 4 : The Role of Government

E.4.1 Explain the roles of government in a market economy.

econedlink: [CONSTITUTION COSTS](#)

EcEdWeb Economics Lesson: [WHAT ARE THE ECONOMIC FUNCTIONS OF GOVERNMENT?](#)

E.4.2 Explain how markets under produce public goods and explain why the government has an interest in producing these public goods.

econedlink: [THE MYSTERY OF IST IT MINE OR YOURS?](#)

econedlink: [FREE RIDE](#)

E.4.3 Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities (spillovers) to resolve the inefficiencies they cause.

econedlink: [NEW SENSE, INC. VS. FISH 'TILL U DROP OR COASE VS. PIGOU](#)

The Economics Classroom: [NEGATIVE EXTERNALITIES OF CONSUMPTION](#)

E.4.4 Describe major revenue and expenditure categories and their respective proportions of state and federal budgets.

econedlink: [WHAT DO YOU GET FOR YOUR \\$1,818,600,000,000?](#)

Office of Management and Budget: [HISTORICAL TABLES](#)

E.4.5 Define progressive, proportional, and regressive taxation and determine whether different types of taxes (including income, sales, and Social Security) are progressive, proportional, or regressive.

Econmentor: [Define Progressive, Regressive and Proportional taxes](#)

Khan Academy: [TAX BRACKETS AND PROGRESSIVE TAXATION](#)

E.4.6 Explain how costs of government policies may exceed benefits because social or political goals (rather than economic efficiency) are being pursued.

econedlink: [WHO KNOWS WHAT INEFFICIENCIES LURK IN THE HEARTS OF RENT CONTROLLED HOUSING MARKETS? THE SHADOW MARKET KNOWS!](#)

AS & A2 Economics: [GOVERNMENT FAILURE – INTRODUCTION](#)

E.4.7 Define the national debt, explain the effects of the debt on the economy, and explain how to achieve a balanced budget.

econedlink: [NATIONAL BUDGET SIMULATION](#)

The Center on Congress at Indiana University: [Balancing the Budget](#)

Standard 5: National Economic Performance

E.5.1 Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.

econedlink: [HOW IS OUR ECONOMY DOING?](#)

The Economics Classroom: [THE INCOME APPROACH AND THE EXPENDITURE APPROACH TO MEASURING THE GDP OF A NATION](#)

The Economics Classroom: [MEASURING THE MACROECONOMIC OBJECTIVES: ECONOMIC GROWTH, UNEMPLOYMENT AND INFLATION](#)

E.5.2 Recognize that a country's overall level of income, employment, and prices is determined by rational spending and production decisions of households, firms, and government.

econedlink: [ECONOMIC INDICATORS](#)

Khan Academy: [COMPONENTS OF GDP](#)

E.5.3 Explain the limitations of using GDP to measure economic welfare.

C-SPAN CLASSROOM: [Is GDP an Accurate Measure of our Country's Economic Health?](#)

The Economics Classroom: [UPDATED: REAL VERSUS NOMINAL GDP AND THE GDP DEFLATOR](#)

E.5.4 Identify the different causes of inflation (including cost-push and demand-pull) and explain the impact of inflation on economic decisions.

econedlink: [WHAT CAUSES INFLATION?](#)

Khan Academy: [Introduction to Inflation](#)

E.5.5 Explain and illustrate the impact of changes in aggregate supply and aggregate demand.

econedlink: : [FISCAL AND MONETARY POLICY PROCESS](#)

The Economics Classroom: [AN INTRODUCTION TO AGGREGATE DEMAND](#)

The Economics Classroom: [AN INTRODUCTION TO AGGREGATE SUPPLY – FROM SHORT-RUN TO LONG-RUN](#)

E.5.6 Explain the causes and effects of business cycles in a market economy.

Economics for the Virtual Enterprise: [LESSON 10: THE BUSINESS CYCLE](#)

The Economics Classroom: [THE BUSINESS CYCLE – ILLUSTRATING THE ECONOMY'S BOOMS AND BUSTS](#)

E.5.7 Explain the different types of unemployment.

econedlink: [UNEMPLOYMENT IN MY HOMETOWN](#)

Reffonomics: [Unemployment Interactive](#)

E.5.8 Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.

econedlink: [PHILLIPS CURVE](#)

The Economics Classroom: [THE SHORT-RUN PHILLIPS CURVE](#)

Standard 6: Money and the Role of Financial Institutions

E.6.1 Explain the basic functions of money.

econedlink: [ONE IS SILVER AND THE OTHER'S GOLD](#)

St. Louis Fed: [Currency and the Fed](#)

E.6.2 Identify the composition of the money supply of the United States.

econedlink: [YOU CAN BANK ON THIS! \(PART 1\)](#) (elementary-level, but it covers the standard)

Khan Academy: [MONEY SUPPLY: M0, M1, AND M2](#)

E.6.3 Explain the roles of financial institutions.

econedlink: [BANKS & CREDIT UNIONS \(PART 1\)](#)

Khan Academy: [BANKING 1](#)

E.6.4 Demonstrate how banks create money through the principle of fractional reserve banking.

econedlink: [MULTIPLIERS AND THE MYSTERY OF THE MAGIC MONEY](#)

The Economics Classroom: [MONEY CREATION IN A FRACTIONAL RESERVE BANKING SYSTEM](#)

E.6.5 Describe the structure and functions of the Federal Reserve System.

econedlink: [WHO IS BEN BERNANKE?](#)

Federal Reserve Education: [THE STRUCTURE OF THE FEDERAL RESERVE SYSTEM](#)

E.6.6 Explain how interest rates act as an incentive for savers and borrowers.

econedlink: [TIME VALUE OF MONEY](#)

Khan Academy: [INTEREST AS RENT FOR MONEY](#)

E.6.7 Compare and contrast different types of financial investments.

econedlink: [THE FIVE STAGES OF INVESTING](#)

Khan Academy: [BONDS VS. STOCKS](#)

E.6.8 Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.

econedlink: [HERE'S YOUR CHANCE TO MAKE MILLIONS IN THE STOCK MARKET \(PART 2\)](#)

The Economics Classroom: [INTRODUCTION TO THE MONEY MARKET](#)

Standard 7: Economic Stabilization

E.7.1 Define and explain fiscal and monetary policy.

econedlink: [FISCAL AND MONETARY POLICY PROCESS](#)

The Economics Classroom: [INTRODUCTION TO FISCAL POLICY – EXPANSIONARY VS. CONTRACTIONARY POLICIES](#)

The Economics Classroom: [THE TOOLS OF MONETARY POLICY](#)

E.7.2 Explain the tools of fiscal and monetary policy.

econedlink: [FISCAL AND MONETARY POLICY PROCESS](#)

The Economics Classroom: [INTRODUCTION TO FISCAL POLICY – EXPANSIONARY VS. CONTRACTIONARY POLICIES](#)

The Economics Classroom: [THE TOOLS OF MONETARY POLICY](#)

E.7.3 Analyze how the government uses fiscal policy to promote price stability, full employment, and economic growth.

econedlink: [FISCAL AND MONETARY POLICY PROCESS](#)

The Economics Classroom: [INTRODUCTION TO FISCAL POLICY – EXPANSIONARY VS. CONTRACTIONARY POLICIES](#)

E.7.4 Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.

Education Portal: [WHAT IS FISCAL POLICY? – DEFINITION, EFFECTS & EXAMPLE](#)

Khan Academy: [GOVERNMENT'S FINANCIAL CONDITION](#)

E.7.5 Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.

econedlink: [FISCAL AND MONETARY POLICY PROCESS](#)

The Economics Classroom: [THE TOOLS OF MONETARY POLICY](#)

E.7.6 Compare and contrast the major macroeconomic theories.

Lincoln Public Schools: [SORTING OUT MACROECONOMIC THEORIES](#)

Khan Academy: [KEYNESIAN ECONOMICS](#) (Classical and Keynesian)

The Economics Classroom: [INTRODUCTION TO SUPPLY-SIDE POLICIES](#)

Standard 8: Trade

E.8.1 Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.

Econedlink: [SHOULD LEBRON JAMES MOW HIS OWN LAWN?](#)

Khan Academy: [COMPARATIVE ADVANTAGE, SPECIALIZATION AND GAINS FROM TRADE](#)

E.8.2 Explain the benefits of trade among households and countries.

Econedlink: [THE TRADING GAME](#)

The Economics Classroom: [ILLUSTRATING THE GAINS FROM TRADE IN A SUPPLY AND DEMAND DIAGRAM](#)

E.8.3 Explain the difference between balance of trade and balance of payments.

Econedlink: [BALANCE OF PAYMENTS \(BOP\)](#)

The Economics Classroom: [BALANCE OF PAYMENTS AND EXCHANGE RATES – AP FREE RESPONSE QUESTIONS](#)

E.8.4 Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.

Econedlink: [U.S. FARMERS AND THE CUBAN EMBARGO](#)

The Economics Classroom: [PROTECTIONIST TARIFFS](#)

E.8.5 Evaluate the arguments for and against free trade.

Tutor 2 U: [PROTECTIONISM](#)

Indiana in the World: [GLOBAL ECONOMY: THE HOMETOWN EFFECT](#)

E.8.6 Explain how changes in exchange rates affects the value of imports and exports.

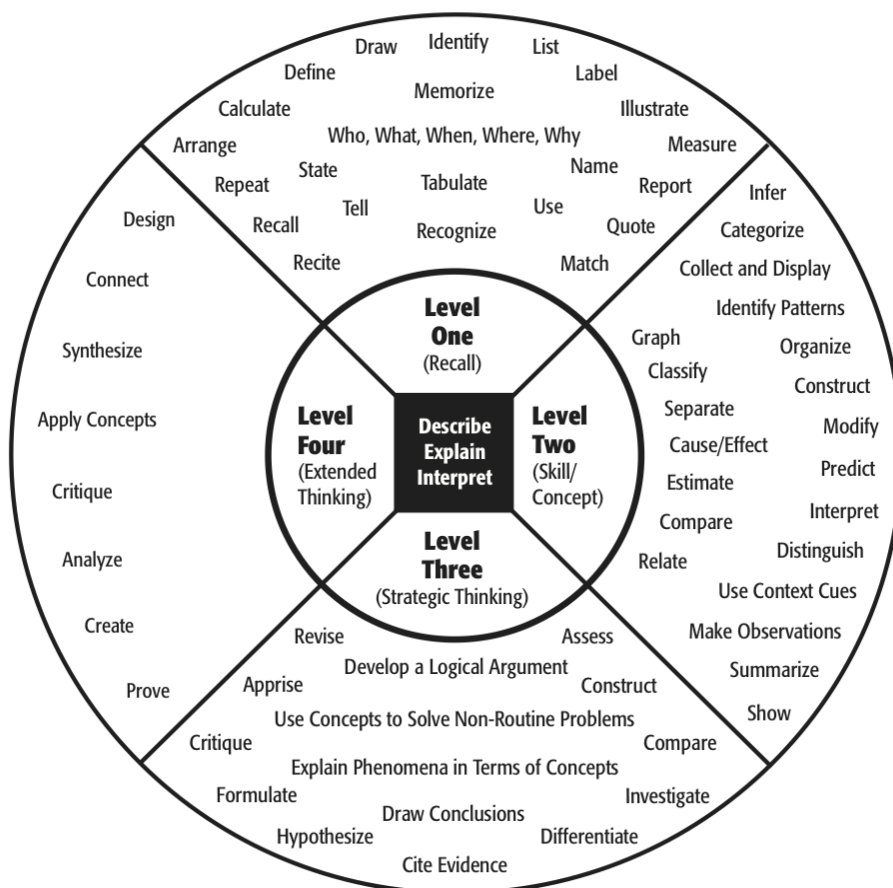
Econedlink: [EXCHANGE RATES AND EXCHANGE: HOW MONEY AFFECTS TRADE](#)

The Economics Classroom: [INTRODUCTION TO THE FOREIGN EXCHANGE MARKET AND EXCHANGE RATE DETERMINATION](#)

The Economics Classroom: [THE RELATIONSHIP BETWEEN THE CURRENT ACCOUNT BALANCE AND EXCHANGE RATES](#)

APPENDIX D

Depth of Knowledge (DOK) Levels



Level One Activities	Level Two Activities	Level Three Activities	Level Four Activities
<p>Recall elements and details of story structure, such as sequence of events, character, plot and setting.</p> <p>Conduct basic mathematical calculations.</p> <p>Label locations on a map.</p> <p>Represent in words or diagrams a scientific concept or relationship.</p> <p>Perform routine procedures like measuring length or using punctuation marks correctly.</p> <p>Describe the features of a place or people.</p>	<p>Identify and summarize the major events in a narrative.</p> <p>Use context cues to identify the meaning of unfamiliar words.</p> <p>Solve routine multiple-step problems.</p> <p>Describe the cause/effect of a particular event.</p> <p>Identify patterns in events or behavior.</p> <p>Formulate a routine problem given data and conditions.</p> <p>Organize, represent and interpret data.</p>	<p>Support ideas with details and examples.</p> <p>Use voice appropriate to the purpose and audience.</p> <p>Identify research questions and design investigations for a scientific problem.</p> <p>Develop a scientific model for a complex situation.</p> <p>Determine the author's purpose and describe how it affects the interpretation of a reading selection.</p> <p>Apply a concept in other contexts.</p>	<p>Conduct a project that requires specifying a problem, designing and conducting an experiment, analyzing its data, and reporting results/solutions.</p> <p>Apply mathematical model to illuminate a problem or situation.</p> <p>Analyze and synthesize information from multiple sources.</p> <p>Describe and illustrate how common themes are found across texts from different cultures.</p> <p>Design a mathematical model to inform and solve a practical or abstract situation.</p>

Webb, Norman L. and others. "Web Alignment Tool" 24 July 2005. Wisconsin Center of Educational Research. University of Wisconsin-Madison. 2 Feb. 2006. <<http://www.wcer.wisc.edu/WAT/index.aspx>>.